



Finance Report
Programme Board April 2017
Period 1

UCPB180517 – BTL03

2017/18 Period 1

Summary



Key Points

- 2017/18**
- The Programme's forecast is a balanced budget position
 - The forecast includes £46m of costs to cover the advanced recruitment of operational resources to support scaling of the Full Service
 - The Programme is holding net risks with a most likely value of £18m
- 2018/19**
- The forecast has been maintained at OBC levels pending a comprehensive update following completion of the Full Business Case



Implementation & Delivery Investment	Budget Holder	2017/18		2018/19	
		Actuals 18-17	Period 1 Forecast	Period 1 Forecast	Ek
Live Service Programme Team	JH	4,638	2,456	2,488	
Digital Delivery Programme Team	JH	4,939	4,053	3,981	
Live Service Implementation Costs	JH	9,536	8,247	8,247	
IPCC Telephony	JH	517	800	0	
Live Service Expansion	JH	2,841	2,597	1,708	
OED Recharges	JH	3,061	3,385	1,127	
Performance Insight Team-Live Service Estates	JH	529	375	413	
Live Service net Operational Impact:	JH	1,589	2,400	5,000	
Live Service Operational Costs	JH	3,182	242,038	18,112	
ATOS WCA Referral Upgrade	JH	3,150	242,038	40,776	
Live Service (DIS) Implementation Costs	JH	32	0	0	
Performance Insight Team-Digital	JH	23,503	24,952	-22,664	
F/S OED Recharges	JH	9,035	635	40,805	
Future Makers	JH	332	515	2,875	
F/S DS Expansion BTG & ITPD	JH	874	0	0	
Digital Service L&D	JH	1,575	0	0	
Digital Service Estates	JH	14,332	18,052	37,306	
Service Innovation Lead	JH	-5	0	0	
Live Service to Full Service transfers robotics	JH	0	3,000	1,500	
F/S Digital Jobcentres depreciation of WADs	JH	1,378	0	0	
UC Recovery Overtime SC	JH	3	1,354	1,354	
RTI Team	JH	0	0	0	
RTI Team	JH	0	56	56	
Total - Janice Hartley		48,178	287,470	76,554	
UC Product Development	AS	0	7,624	9,154	
Core Programme Team	AS	9,767	7,624	9,154	
Digital Transformation team	AS	16	0	0	
Capitalised staff costs	AS	15,644	19,527	20,327	
Digital Solution - IT Build		5,974	10,914	1,001	
Digital Service Centre - IT Investment		3,024	2,914	15,301	
Digital Service Centre - IT Recruitment		2,513	1,546	0	
Total - Anthony Briggins		36,938	42,525	3,000	
UC Working Age Product Development	JH	10,907	13,890	3,000	
Live Service - IT Investment	JH	27,529	36,433	22,200	
Live Service - ITPD Staff Charges	JH	-11	1,958	1,665	
Live Service - ITPD Contractor Charges	JH	2,379	1,502	0	
LS to FS transfers robotics		0	113	0	
Security - IT	AS	5,077	4,847	8,640	
Security IT Investment	AS	4,888	4,843	0	
Security IT Recruitment	AS	189	5	8,840	
Security Staff / Non Staff Recruitment	AS	493	9	2,723	
Security - Staff / Non Staff Investment	AS	53	605	783	
Housing Verification Build	JH	193	1,000	1,000	
DataWorks Platforms		0	727	0	
DataWorks Staff		0	712	0	
DataWorks Non Staff		0	15	0	
Prove Your Identity Staff		0	1,433	0	
Prove Your Identity Non Staff		0	457	0	
Prove Your Identity IT		0	124	0	
Operations Control Centre		0	447	0	
Verify		0	106	0	
Data Outcomes		244	300	0	
DataOutcomesS		0	1,827	0	
DataOutcomesNS		0	568	0	
DataOutcomesIT		0	280	0	
Security Provision		0	109	0	
PYCA		244	870	0	
PYCA Staff		325	445	0	
PYCA Recharge		202	275	0	
PYCA Non Staff		116	145	0	
UC Switch IT Design		5	24	0	
Non Cash - Depreciation		0	1,500	0	
Total - Craig Eblett	W	82,089	105,248	33,236	

Total Programme Spend £1,663m

2014/15 Outturn £255m

2015/16 Outturn £362m

2016/17 Outturn £403m

2017-18 Range Risks £27.03m Opps £9m



Overall Forecast

2017/18 Period 1

Strategic Design & Planning	WM	8,997	9,178	9,019
Core Programme Teams	WM	56	0	0
Strategic Design & Planning Director	WM	2,069	2,461	2,538
Strategic Design	WM	1,197	429	369
LM Test & Learn	WM	2,342	2,404	2,324
Programme Planning & Assurance	WM	489	735	736
Test & Learn	WM	1,998	1,829	1,482
Operational Services Core	WM	6	0	0
Operational Services Consultancy	WM	604	1,321	1,570
Operational Services Commissions	WM	236	0	0
Operational Services D/S Contractors	WM	4	0	0
Managed Migration IT Build Staff Recharges	WM	12	0	0
Managed Migration IT Build	WM	597	428	0
CMG IT Futures (CMEC)	WM	52	0	0
Contributory benefits	WM	540	502	294
Legal Costs	WM	540	502	294
Internal Legal Costs	WM	94	0	0
HMCTS	WM	199	177	89
Housing Delivery Division	WM	13	0	0
Impacting of Private Landlords	WM	1,963	-34	0
LADS	WM	100	100	1,957
Pension Credit Plus (PDCS)	WM	3,413	53	45
Payment Deduction Programme Recharges	WM	3,708	2,765	3,050
Pilots & Trials	WM	70	0	0
Demo Pilots	WM	3,521	2,495	1,800
Labour Market Trials	WM	6	0	0
Test & Trial - Employer Engagement	WM	27	0	0
Test & Trial - Work Coach Accreditation	WM	-19	0	0
Test & Trial USDL	WM	104	270	1,250
UC Evaluation	WM	6,297	6,450	5,461
Strategy	WM	770	1,082	85
Strat - Analytical Services Directorate	WM	2,084	1,789	1,738
Strat - UC Policy	WM	562	459	461
Strat - Labour Market	WM	2,713	2,939	2,993
Strat - UC Analysis	WM	169	181	186
Strat - Pensions	WM	114	199,803	214,655
Digital Service net Operational Impact:	WM	114	171,250	624,942
Digital Service Operational Costs	WM	0	0	-460,378
Digital Service Operational Savings	WM	0	28,552	50,091
Migration	WM	19	0	0
Contractor Recharges - Managed Migration SDF	WM	0	2,003	4,575
SC Fixed Switch	WM	0	45,942	7,324
Supply Contingency costs	WM	0	18,359	2,507
Supply Contingency SC Staff	WM	0	2,387	323
Supply Contingency SC NStaff	WM	0	22,832	4,076
Supply Contingency WS Staff	WM	0	2,363	418
Supply Contingency WS NStaff	WM	26,122	267,367	246,468
Total - Will Moss				
External Relations & Orientation	CH	3,483	3,541	3,414
Stakeholders & Partner Team	CH	710	2,400	2,541
Marketing	CH	1,188	963	623
Communications	CH	0	10	0
Money Advice Service Leaflets	CH	128	2	0
Money Advice Service	CH	0	300	0
Passported Benefits	CH	0	10,169	19,623
Total LA Spend & Exits	CH	0	0	10,000
Exits	CH	0	21,507	48,428
Universal Support	CH	0	-11,338	-38,806
Local Authorities	CH	0	17,386	26,210
Total - Cath Hamp		5,509	17,386	26,210

Total Programme Spend
£1,663m

2014/15 Outturn
£255m

2015/16 Outturn
£362m

2016/17 Outturn
£403m

2017-18 Range
Risks £27.03m
Opps £9m



Overall Forecast

2017/18 Period 1

Rest of Programme		1,517	796	795	Total Programme Spend £1,663m
Core Programme Teams					
Commercial Director	IW	1	0	0	
Programme Management	IW	1,347	795	795	
Other Core Programme	IW	168	1	0	
Caxton Accommodation Move	IW	2,146	606	0	
BTG - Customer Insight	IW	543	0	0	
External consultancy support costs.	IW	400	54	15	
Recharges - F&C:	IW	5,714	5,093	4,362	
UC Finance	IW	1,444	1,284	728	
UC Finance (Operations)	IW	775	794	405	
Finance & Commercial recharges	IW	3,495	3,016	3,229	
COO recharges - Core Team	IW	0	0	0	
Projects & Recharges:	IW	1,133	600	531	
Contracted Operations Recharges	IW	240	211	67	
HR Recharges	IW	681	318	174	
Message Hub	IW	212	0	219	
Welsh Language Unit	IW	0	70	70	
HMRC	IW	0	0	46,166	
Total - Ian Wright		11,453	7,149	51,869	2016/17 Outturn £403m
Central Overlay		0	-15	18,000	
Total Financial Costs		0	10,143	6,951	
Total UC - Excluding Budget Transfers		208,289	737,273	548,284	
Rest of Programme - ext Budget Holder					
Mike Baker Core Team	MB	1,338	0	0	
Welsh Language Unit		70	0	0	
Live Service Expansion System Process Support Service Centres		2,761	0	0	
F&C - Finance recharges		193	0	0	
OED - Live Service Recharges		75	0	0	
DPA payments to LAS- non-staff (Universal Support - Live Service)		13,118	0	0	
Consequential Costs Service Centres		129,211	0	0	
Consequential savings Service Centres		-23,838	-170,924	0	
Consequential Costs Work Services		126,815	0	0	
Consequential savings Work Services		-91,349	-66,390	0	
Digital Service Support		4,125	0	0	
Digital Service Migration		9,372	0	0	
Net Operational Impact	MB	17,556	0	0	
HMRC	HMRC	12,626	10,010	-51,000	
HMRC costs	HMRC	13,626	21,010	0	
HMRC Savings	HMRC	-1,000	-11,000	-51,000	
Live Service SPAG Labour Market	SPAG	631	763	763	
Technology	IT	9,516	0	0	
ITPD recharges	IT	3,533	0	0	
Security CIT & BTG	IT	2,923	0	0	
IPCC recharges	IT	3,060	0	0	
Labour Market Trials	IT	259	0	0	
Labour Market Holders	BIS	194,923	-226,540	-50,237	
Total External Budget Holders		403,212	510,732	498,047	
UC TOTAL					

2017-18 Range
Risks £27.03m
Opps £9m

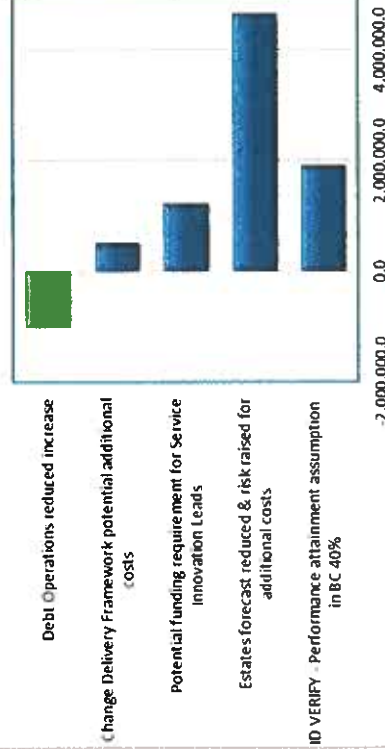


	Budget Holder	Actuals 16-17	2017/18	2018/19
		£k	Period 1 Forecast	Period 1 Forecast
			£k	£k
Implementation & Delivery Investment				
Live Service Programme Team	JH	4,638	2,458	2,498
Digital Delivery Programme Team	JH	4,939	4,053	3,981
Live Service Implementation Costs	JH	8,536	9,557	8,247
IPCC Telephony	JH	517	800	0
Live Service Expansion	JH	2,841	2,597	1,708
OED Recharges	JH	3,061	3,385	1,127
Performance Insight Team-Live Service Estates	JH	529	375	413
Live Service net Operational Impact:		1,589	2,400	5,000
Live Service Operational Costs	JH	3,182	242,038	18,112
ATOS WCA Referral Upgrade	JH	3,150	242,038	40,776
Live Service (D/S) Implementation Costs	JH	32	0	0
Performance Insight Team-Digital	JH	0	0	-22,664
F/S OED Recharges	JH	23,503	24,952	40,805
F/S Digital Delivery BTG & ITPD	JH	360	635	624
Future Makers	JH	6,035	5,751	2,875
F/S DS Expansion Support (Canterbury etc.)	JH	332	515	0
Digital Service L&D	JH	874	0	0
F/S Digital Service Estates	JH	1,575	0	0
Service Innovation Lead	JH	14,332	18,052	37,306
F/S Digital Jobcentres depreciation of WADS	JH	-5	0	0
UC Recovery Overtime SC	JH	1,378	3,000	1,500
RTI Team	JH	3	1,354	1,354
	JH	0	0	0
Total - Janice Hartley		46,178	287,470	76,554

Headlines

- Core programme costs remain constant with reductions in operational implementation recharges as roll out completes
- Full service L&D backfill costs increase to reflect current roll out and resource assumptions
- Live service net operational impact (after the below transfers): 2016/17 - £138m of net costs transferred to operations and reported within external budget holders section (page 5)
- 2017/18 - £107m of savings transferred to operations and reported within external budget holders section (page 5)
- Overall net operational impact £141m 2016/17, £135m 2017/18
- The forecasts for 2018/19 reflect current roll out and migration plans – to be updated following the Full Business Case

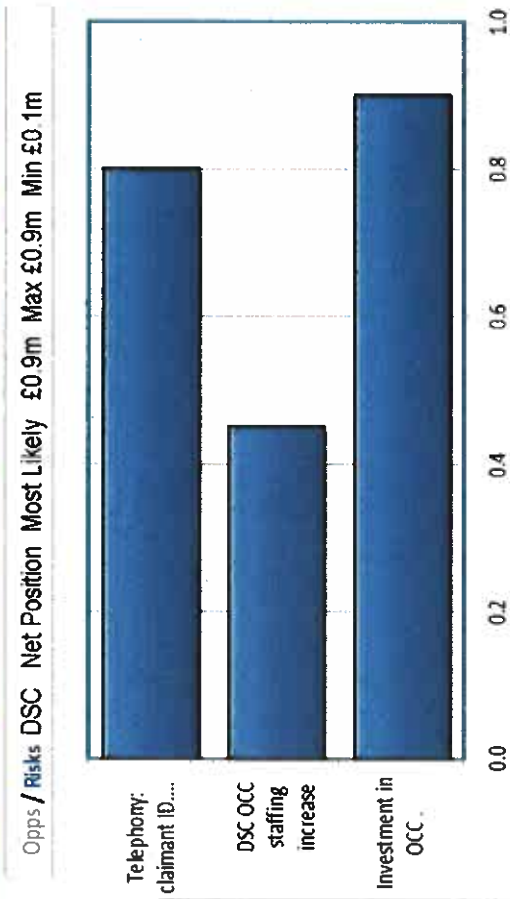
Oppts / Risks | Imp & Del | Net Position Most Likely £7.25m Max £14.86m Min £3.99m



	Budget Holder	Actuals 16-17 £k	2017/18 Period 1 Forecast £k	2018/19 Period 1 Forecast £k
UC Product Development				
Core Programme Team	AB	9,783	7,624	9,154
Core Programme team	AB	9,767	7,624	9,154
Digital Transformation team	AB	16	0	0
Capitalised staff costs	AB	15,644	19,527	20,327
Digital Solution - IT Build				
Digital Solution - IT Recurrent		5,974	10,914	1,001
Digital Service Centre - IT Investment		3,024	2,914	15,301
Digital Service Centre - IT Recurrent		2,513	1,546	0
Total - Anthony Briggingshaw		36,938	42,525	48,783

Headlines

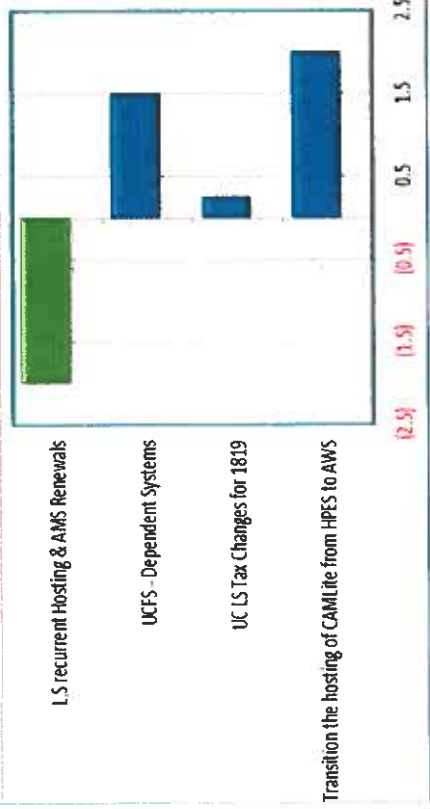
- Core programme and staff costs show increases compared to 2016/17 due to the expansion of the team and the inclusion of service management activities for the Full Service
- Investment in the Full Service is expected to be substantially complete by March 2018
- Recurrent spend increase over the period in line with the planned scaling and volumes of the Full Service



	Budget Holder	Actuals 16-17	2017/18	2018/19
		£K	Period 1 Forecast £K	Period 1 Forecast £K
UC Working Age Product Development				
Live Service - IT Investment	J/H	10,907	13,690	3,000
Live Service - IT Recurrent	J/H	27,529	36,433	22,200
Live Service - ITPD Staff Charges	J/H	-11	1,958	1,665
Live Service - ITPD Contractor Charges	J/H	2,379	1,502	0
LS to FS transfers robotics		0	113	0
Security - IT	AB	5,077	4,847	8,840
Security IT Investment	AB	4,888	4,843	0
Security IT Recurrent	AB	189	5	8,840
Security Staff / Non Staff Recurrent	AB	493	9	2,723
Security - Staff / Non Staff Investment	AB	53	605	783
Housing Verification Build	AB	193	1,000	1,000
DataWorks Platforms	J/H	0	727	0
DataWorks Non Staff		0	712	0
DataWorks Staff		0	15	0
Prove Your Identity		0	1,433	0
Prove Your Identity Staff		0	457	0
Prove Your Identity Non Staff		0	124	0
Prove Your Identity IT		0	447	0
Operations Control Centre		0	106	0
Verify		0	300	0
Data Outcomes		244	1,827	0
DataOutcomesS		0	568	0
DataOutcomesNS		0	280	0
DataOutcomesIT		0	109	0
Security Provision		244	870	0
PYCA		202	445	0
PYCA Staff		118	275	0
PYCA Recharge		5	145	0
PYCA Non Staff		0	24	0
UC Switch IT Design		34,900	1,300	0
Non Cash - Depreciation	/W	0	39,358	33,238
Total - Craig Eblett		82,089	105,248	73,450

Opport / Risks UC Working Age Prod Dev Net Position Most Likely £1.75m Max £4.82m Min £1m

- Live Service investment will be mainly completed in 2018 with only minimal legislative/maintenance expenditure in 2018/19
- Live Service recurrent spend will peak in 2017/18 and then reduce as a result of decommissioning and migration to Full Service
- Security spend in 2018/19 will be realigned to Dataworks, Prove your Identity and Data outcomes when delivery plans are finalised
- Depreciation reduces in 2018/19 as Live Service IT assets are currently assumed to have an end of life date of December 2018



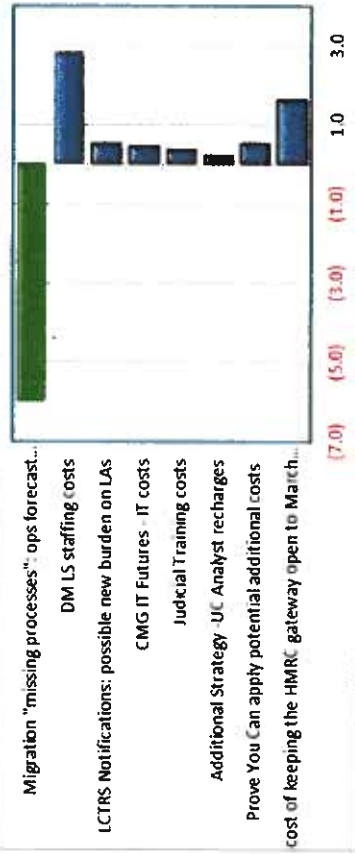
Full Year Outturn and Next Year Forecast Strategic Design & Planning 2017/18 Period 1

Budget Holder	Actuals 16-17 £k	2017/18 Period 1 Forecast £k	2018/19 Period 1 Forecast £k
Strategic Design & Planning			
Core Programme Teams	5,997	9,175	9,019
Strategic Design & Planning Director	58	0	0
Strategic Design	2,069	2,491	2,638
LM Test & Learn	1,197	429	369
Programme Planning & Assurance	2,342	2,404	2,324
Test & Learn	489	735	736
Operational Services Core	1,995	1,829	1,482
Operational Services Core	6	0	0
Operational Services Commissions	604	1,321	1,570
Operational Services Commissions	236	0	0
Managed Migration IT Build Staff Recharges	4	0	0
Managed Migration IT Build	12	0	0
Managed Migration IT Build	597	428	0
Contributory benefits	52	0	0
Legal Costs	540	502	294
HMCTS	540	502	294
Housing Delivery Division	94	0	294
Leasing of Private Landlords	199	177	89
LADS	13	0	0
Payment Deduction Programme Recharges	1,063	34	0
Pilots & Trials	100	100	0
Demo Pilots	3,413	153	1,957
Labour Market Trials	3,708	2,765	3,080
Test & Trial - Employer Engagement	6	0	0
Test & Trial - Work Coach Accreditation	27	0	0
Test & Trial USDL	19	0	0
UC Evaluation	104	270	1,250
Strategy	6,297	9,450	5,491
Strat - Analytical Services Directorate	770	1,082	1,85
Strat - UC Policy	2,084	1,789	1,738
Strat - Labour Market	592	459	461
Strat - UC Analysis	2,713	2,939	2,993
Strat - Pensions	169	181	185
Digital Service net Operational Impact:	114	199,803	214,655
Digital Service Operational Costs	114	171,250	624,942
Digital Service Operational Savings	0	0	-460,378
Migration	0	0	50,091
Contractor Recharges - Managed Migration SDF	19	28,562	0
SC Fixed Switch	0	0	0
Supply Contingency costs	0	2,003	4,575
Supply Contingency SC Staff	0	45,942	7,324
Supply Contingency SC NStaff	0	18,359	2,607
Supply Contingency WS Staff	0	2,367	929
Supply Contingency WS NStaff	0	22,832	4,076
Supply Contingency WS NStaff	0	2,363	418
Total - Will Moss	26,122	297,367	246,498

Headlines

- Core programme and recharge costs are forecast to remain broadly level
- The 2017/18 and 2018/19 forecasts include £45.9m and £7.3m supply contingency to cover the advanced recruitment of operational resources to support scaling
- Digital service net operational impact movements (after below) 2016/17 - £15m of net costs transferred to operations and reported within external budget holders (page 5)
- 2017/18 - £130m of savings transferred to operations and reported within external budget holders (page 5)
- Overall net operational impact - £35m 2016/17, £70m 2017/18

Opps / Risks Strategic DP Net Position Most Likely £0.36m Max £1.63m Min -£1.95m



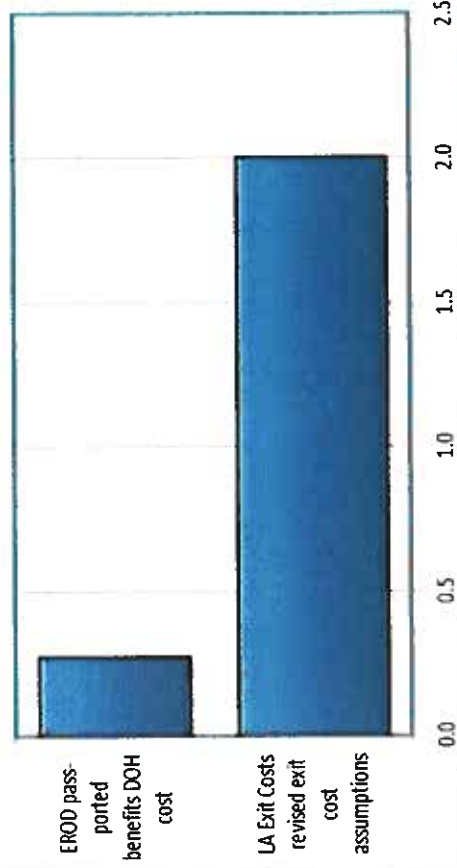
Full Year Outturn and Next Year Forecast External Relations & Orientation 2017/18 Period 1

	Budget Holder	Actuals 16-17 £k	2017/18 Period 1 Forecast £k	2018/19 Period 1 Forecast £k
External Relations & Orientation				
Stakeholders & Partner Team	CH	3,483	3,541	3,414
Marketing	CH	710	2,400	2,541
Communications	CH	1,188	963	623
Money Advice Service Leaflets	CH	0	10	10
Money Advice Service	CH	128	2	0
Passported Benefits	CH	0	300	0
Total LA Spend & Exits	CH	0	10,169	19,623
<i>Exits</i>	CH	0	0	10,000
<i>Universal Support</i>	CH	0	21,507	48,428
<i>Local Authorities</i>	CH	0	-11,338	-38,806
Total - Cath Hamp		5,509	17,386	26,210

Headlines

- Core team and marketing costs are expected to remain level over the next two years
- The costs for exits, Universal Support and Local Authority savings reflect current Full Service roll out and volume assumptions
- The exits, Universal Support and Local Authority savings will be updated following completion of the Full Business Case.

Opps / Risks EROD Net Position Most Likely £2.27m Max £2.27m Min £0.27m

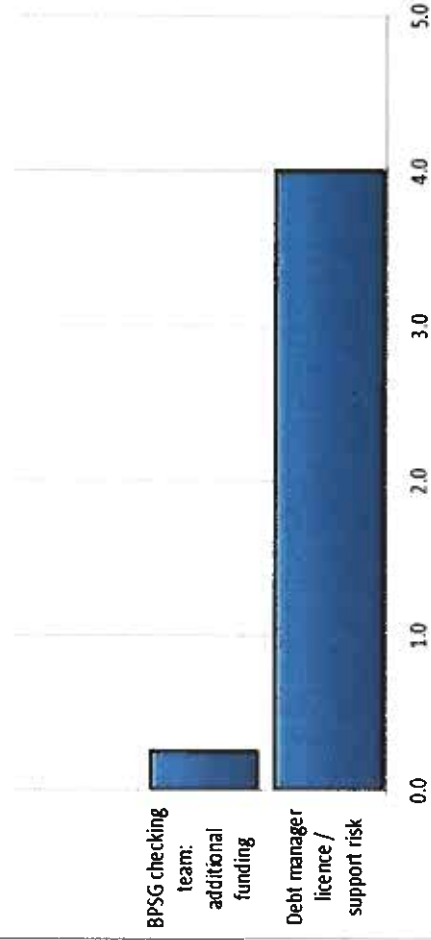


	Budget Holder	Actuals 16-17 £k	2017/18 Period 1 Forecast £k	2018/19 Period 1 Forecast £k
Rest of Programme				
Core Programme Teams	I/W	1,517	796	795
Commercial Director	I/W	1	0	0
Programme Management	I/W	1,347	795	795
Other Core Programme	I/W	168	1	0
Caxton Accommodation Move	I/W	2,146	606	0
BTG - Customer Insight	I/W	543	0	0
External consultancy support costs	I/W	400	54	15
Recharges - F&C:	I/W	5,714	5,093	4,362
UC Finance	I/W	1,444	1,284	728
UC Finance (Operations)	I/W	775	794	405
Finance & Commercial recharges	I/W	3,495	3,016	3,229
COO recharges - Core Team	I/W	0	0	0
Projects & Recharges:	I/W	1,133	600	531
Contracted Operations Recharges	I/W	240	211	67
HR Recharges	I/W	681	318	174
Message Hub	I/W	212	0	219
Welsh Language Unit	I/W	0	70	70
HMRC	I/W	0	0	46,166
Total - Ian Wright		11,453	7,149	51,869

Headlines

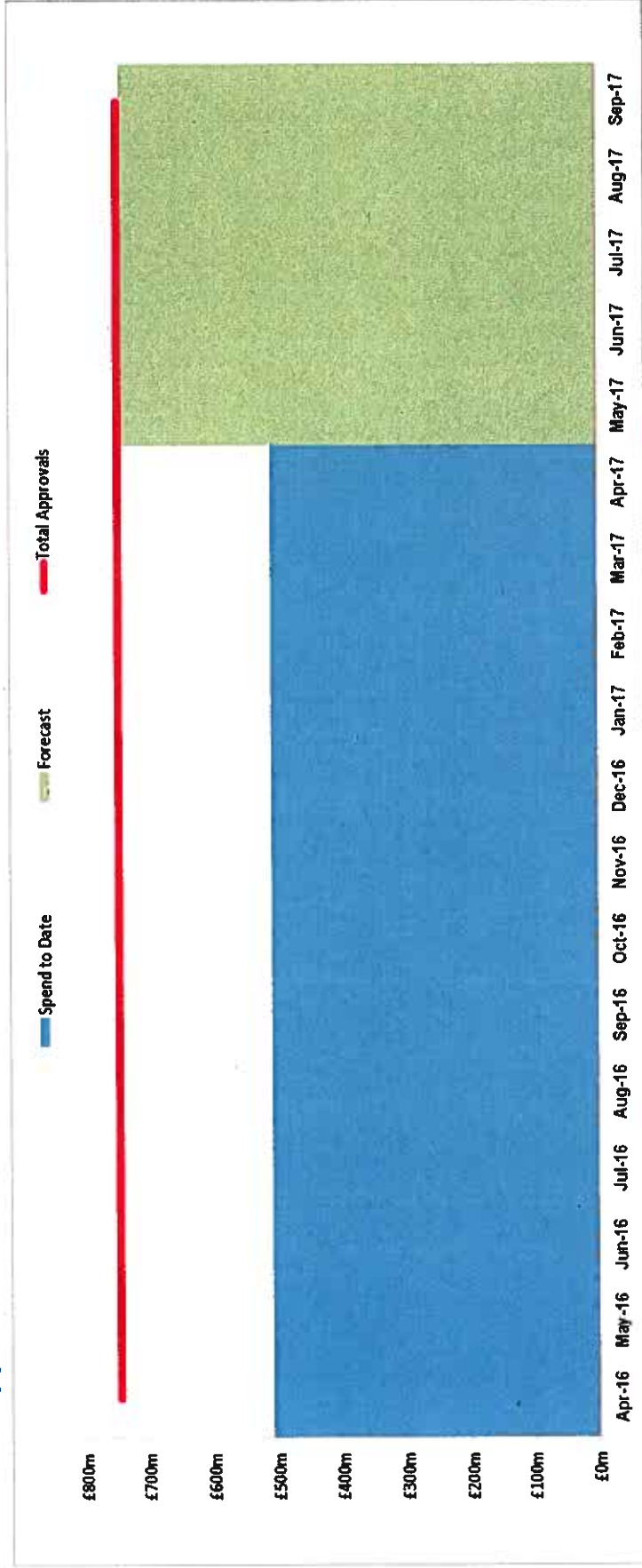
- Core programme and recharges remain constant over the period, with the exception of forecast reductions in HR recharges
- The Caxton move was completed in 2016/17; the 2017/18 costs represent part year costs for the Victoria Street office
- HMRC costs were £14m in 2016/17 and £21m in 2017/18. The associated budgets were transferred to HMRC and are reported within the "External Budget Holders" section on page 5

Opps / Risks ROP Net Position Most Likely £4.25m Max £6.30m Min £2.20m



Financial Approvals and Funding

2017/18 Period 1



Funding Forward Look

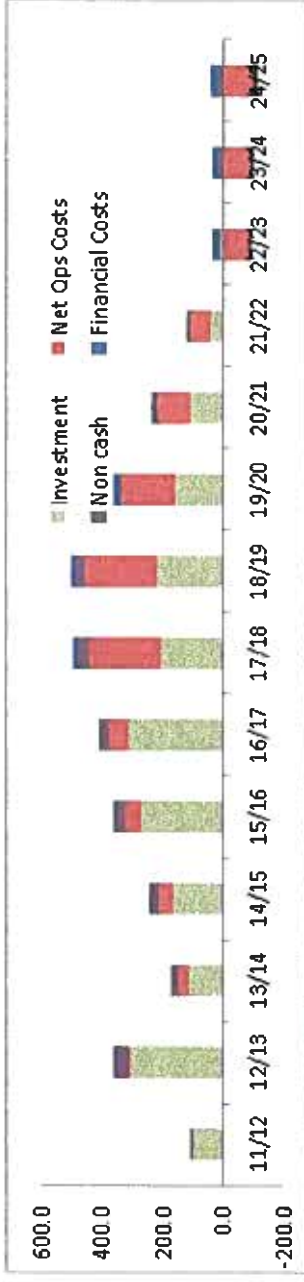
	2016/17	2017/18	2018/19	2019/20
Forecast Requirement	£m 403	£m 511	£m 498	364
<u>Funding</u>				
SR15 net of HMRC savings	401	447	365	233

- HMT approval of £746.6m has been given to cover the period from January 2016 to September 2017.
- The Department has secured separate funding for the impacts of the Employee Deal as part of the SR settlement – this funding is currently held centrally within the Department

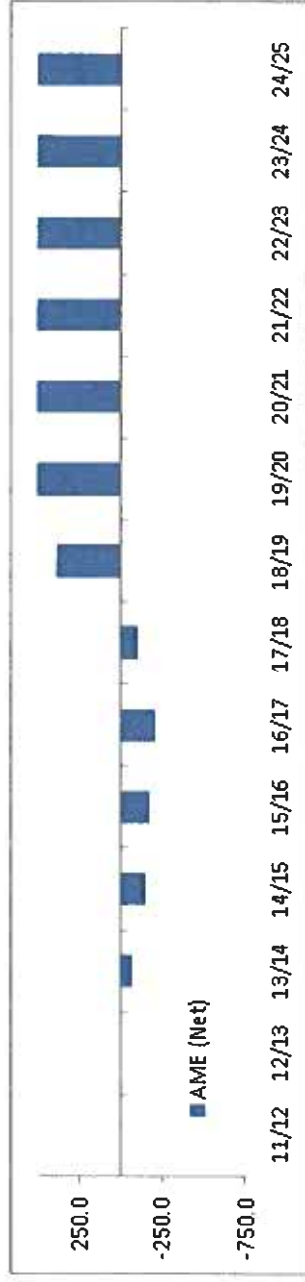


Total Programme View Costs and Benefits over life of Business Case 2017/18 Period 1

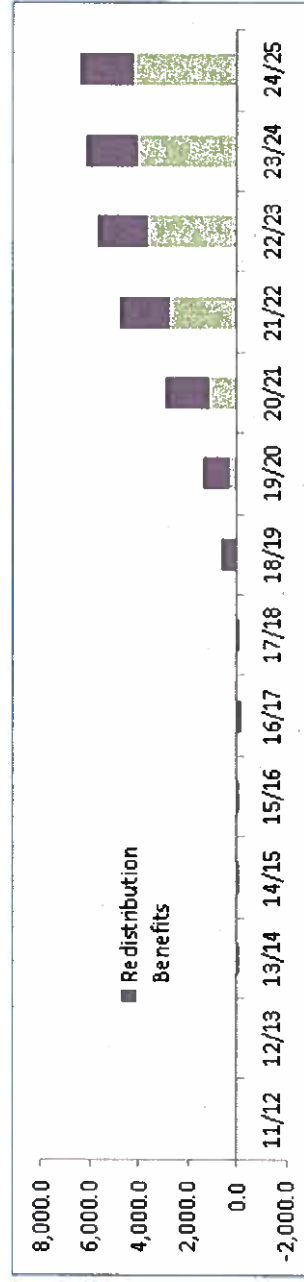
DEL Costs



AME Costs



Economic Benefits



Lifetime Investment Costs	
	Baseline (OBC Final)
IT	490,628
Estates	17,770
Business Change	174,704
Implementation Effort	550,129
Digital Jobcentres	11,119
Claimant Commitment	20,811
HMRC	130,928
Migration Effort	250,715
Inflation	43,597
	1,690,403

Overall Benefits

Net Benefits	£27.2bn
NPV	£20.3bn

The Business Case numbers are based on the Outline Business Case that was approved 4th December 2015.



